

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2014. (U39M)

Application 12-11-009
(Filed November 15, 2012)

**DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST FOR A JANUARY 1, 2014 FINAL DECISION EFFECTIVE DATE****1. Summary**

This decision grants Pacific Gas and Electric Company's (PG&E's) unopposed motion, filed February 15, 2013, seeking an order to make its 2014 test year General Rate Case (GRC) revenue requirement effective as of January 1, 2014, even in the event the Commission issues a final decision after that date.

This decision also grants PG&E's request to allow for the recovery of interest, based on a Federal Reserve three-month commercial paper rate,¹ to the extent necessary to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission's final decision regarding the 2014 GRC revenue requirement.

¹ See Federal Reserve three-month Commercial Paper Rate – Non-Financing, from the Federal Reserve Statistical Release H.15 or its successor.
<http://www.federalreserve.gov/releases/H15/data.html>.

2. Background

In Application (A.) 12-11-009, Pacific Gas and Electric Company (PG&E) requested approval of its forecast General Rate Case (GRC) revenue requirement for implementation beginning January 1, 2014. The Assigned Commissioner's Ruling and Scoping Memo, dated January 22, 2013 (Ruling) adopted a schedule which set the date of December 19, 2013, for a final Commission decision regarding PG&E's 2014 GRC revenue requirement.

As part of the joint schedule proposal by the Commission's Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN) and PG&E, as adopted in the January 22, 2013 ruling, these parties acknowledged that unforeseen circumstances could delay the final Commission decision in this proceeding beyond January 1, 2014. PG&E expresses the concern that a delay in the issuance of the Commission's decision on the 2014 revenue requirement could have adverse consequences.

Accordingly, PG&E subsequently filed a motion on February 15, 2013, seeking an order to make its 2014 test year GRC revenue requirement effective as of January 1, 2014, even in the event the Commission issues its final decision after that date. PG&E notes that TURN agreed to support, and DRA agreed not to oppose the motion to be filed by PG&E seeking an effective date of January 1, 2014. No party filed a formal response to PG&E's motion.²

² By electronic notice to the service list on March 1, 2013, PG&E advised that it had inadvertently sent its February 15, 2013 Motion to an outdated service list. Had it not been for the incomplete service, the deadline for filing comments on the Motion would have been Monday, March 4, under Commission Rule 11.1(e). Only one party, The Small Business Utility Advocates (SBUA), was directly affected by the service list error. By electronic notice to the service list on March 1, 2013, SBUA indicated that it does not

Footnote continued on next page

3. Discussion

The currently adopted schedule in this proceeding calls for the issuance of a Commission decision regarding PG&E's 2014 GRC revenue requirement before the end of calendar year 2013 to provide for an effective date of January 1, 2014. The possibility exists, however, that the actual date for the Commission's decision on the 2014 GRC revenue requirement could occur after January 1, 2014. In view of this possibility, we conclude that it is reasonable to grant PG&E's unopposed motion to issue this order affirming that January 1, 2014 shall be the effective date for the Commission's subsequent decision regarding the 2014 test-year GRC revenue requirement, even if the Commission issues its final decision regarding the 2014 GRC revenue requirement subsequent to January 1, 2014.

Adopting the relief requested in PG&E's motion will leave both ratepayers and shareholders relatively indifferent to the precise date that the final decision is delivered. It also will reduce incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding's outcome, and will allow time to parties, as well as decision makers, for review and critical analysis of the record.

PG&E also requests that the adopted 2014 GRC revenue requirement include a provision for accrued interest, based on a Federal Reserve three-month commercial paper rate to the extent necessary to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission's final decision. PG&E's request is reasonable, and we hereby grant it.

oppose PG&E's Motion, and waived the right to request an extension of time to respond to the Motion.

The Commission adopted a similar arrangement in PG&E's 2003, 2007 and 2011 GRCs.³

Granting PG&E's motion in this manner does not bind the Commission to adopt PG&E's requested revenue requirement, or any portion thereof. Any subsequently adopted revenue requirement can only be authorized upon the development of a complete evidentiary record, and full and fair consideration of the record by the Commission.

Granting PG&E's motion also does not diminish the importance of adhering to the adopted schedule in this proceeding as closely as possible, to allow for a Commission decision on the 2014 revenue requirement prior to January 1, 2014. To the extent that the Commission decision is issued after January 1, 2014, some larger projects proposed by PG&E could be delayed beyond the schedule anticipated by PG&E's testimony. If the Commission ultimately determines that such projects are reasonable and worthy of inclusion in rates, their delay may potentially cause negative operational effects.

4. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

5. Assignment of Proceeding

Michel P. Florio is the assigned Commissioner and Thomas R. Pulsifer is the assigned Administrative Law Judge in this proceeding.

³ See D.02-12-073, *mimeo*, at 7; D.06-10-033, *mimeo*, at 3-4; D.10-11-018, *mimeo*, at 4.

Findings of Fact

1. PG&E filed its application seeking approval of an increase in authorized GRC revenue requirements by a total of \$1.282 billion, effective January 1, 2014.

2. The adopted schedule for this proceeding is designed so that the Commission decision on PG&E's 2014 revenue requirement can become effective on January 1, 2014.

3. In view of the potential effects of unforeseen circumstances, the effective date for a Commission decision regarding PG&E's GRC application could potentially be delayed until after January 1, 2014.

4. PG&E's unopposed motion seeks a Commission order that makes PG&E's General Rate Case revenue requirement for the 2014 test year ultimately adopted by the Commission effective on January 1, 2014, even if the Commission issues its decision after that date.

5. Granting PG&E's motion will keep PG&E and its ratepayers relatively indifferent as to the actual timing of the Commission's final decision on the 2014 revenue requirement.

6. Adopting PG&E's proposal leaves both ratepayers and shareholders essentially indifferent to the precise date that the final decision is delivered; removes incentives for procedural gaming that might be attempted if gains could be realized through delay; and allows sufficient time for parties, as well as decision makers, for review and critical analysis of the record.

Conclusions of Law

1. PG&E's February 15, 2013, motion is reasonable and should be granted.
2. As requested in PG&E's motion, the effective date of the Commission's decision regarding PG&E's 2014 GRC revenue requirement should be January 1, 2014, even if the Commission decision issues after that date.
3. PG&E's GRC revenue requirement for the 2014 test year should include a provision for interest, based on the Federal Reserve three-month commercial paper rate, to the extent necessary to keep PG&E and its ratepayers indifferent to the precise timing of the final decision regarding the revenue requirement.

O R D E R

IT IS ORDERED that:

1. The February 15, 2013 motion filed by Pacific Gas and Electric Company described in the body of this decision is granted.
2. The effective date for the Commission's decision regarding Pacific Gas and Electric Company's General Rate (GRC) Case revenue requirement for the 2014 test year, pending determination in this proceeding, shall be January 1, 2014, even if the Commission issues the final decision regarding the 2014 GRC revenue requirement after that date.
3. The adopted 2014 General Rate Case (GRC) revenue requirement shall include accrued interest covering the period subsequent to January 1, 2014, based on the applicable three-month commercial paper rate published in the Federal Reserve Statistical Release H.15 or its successor, to the extent necessary to keep Pacific Gas and Electric Company, its ratepayers, and other affected parties indifferent to the precise timing of the Commission's final decision on the 2014 GRC revenue requirement.

4. The authorization for a January 1, 2014 effective date as granted herein does not bind the Commission to adopt Pacific Gas and Electric Company's requested General Rate Case revenue requirement, or any portion thereof, as such a determination can only be made upon development of a complete evidentiary record, with full and fair consideration of the record by the Commission.

5. Application 12-11-009 remains open.

This order is effective today.

Dated _____, at San Francisco, California.